

## Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 SAJ-01 NIC-01

DRC-01 /163 W

----- 072894

P R 080515Z DEC 73

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC PRIORITY 7024

INFO AMEMBASSY DACCA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY RANGOON 181

AMCONSUL CALCUTTA

AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 KATHMANDU 5089

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: PFOR, CH, IN, UR, NP

SUBJECT: SINO-NEPALESE RELATIONS: KING BIRENDRA'S VISIT TO PRC

1. SUMMARY: AS KING BIRENDRA ENPLANES FOR PRC, OUR ASSESSMENT IS THAT SINO-NEPALESE RELATIONS ARE VERY GOOD AND THAT WHILE THERE WILL PROBABLY BE FEW DRAMATIC PAYOFFS FROM VISIT, BILATERAL RELATIONS WILL BE FURTHER ENHANCED AND SOME NEW AID MAY BE EXTENDED. USG SHOULD WELCOME ANY FURTHER IMPROVEMENT IN SINO-NEPALESE RELATIONS BUT SHOULD AVOID GIVING IMPRESSION WE SEE CHINA AS DEFENDER OF NEPAL'S INDEPENDENCE OR AS COUNTERWEIGHT TO INDIAN INFLUENCE. END SUMMARY.

2. KING BIRENDRA AND ENTOURAGE DEPARTED DECEMBER 7 FOR WEEK-LONG STATE VISIT TO PRC AT TNGG-STANDING INVITATION PREMIER CHOU EN-LAI  
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AND ACTING CHAIRMAN TUNG PI-WU. THIS IS BIRENDRA'S SECOND STATE

VISIT SINCE JANUARY 72 ACCESSION; FIRST WAS OCTOBER 12-19 TO INDIA. WITH INVITATIONS FROM BOTH, YOUNG KING FOR SOME TIME CONSIDERED ACCEPTING PRC FIRST, BUT WAS DISSUADED BY MORE SENIOR ADVISORS WHO CONVINCED HIM IT WOULD BE GRATUITOUS AND POSSIBLY HARMFUL GESTURE TO THUS OFFEND GOI. ALTHOUGH REPRESENTING ONE OF WORLD'S POOREST COUNTRIES, BIRENDRA IS NO BEGGAR. HE IS YOUNG AND VIGOROUS WESTERN-EDUCATED LEADER OF A PROUD AND INDEPENDENT PEOPLE, WHO WILL ARRIVE AT KUNMING ABOARD HIS OWN FLAG CARRIER.

3. AT THIS POINT IN HISTORY, SINO-NEPALESE RELATIONS ARE VERY GOOD, BUT NOT CLOYINGLY CLOSE. ONLY MINOR IRRITANT FROM CHINESE SIDE IS PRESENCE IN NEPAL OF KHAMPA AND TIBETAN REFUGEES, WHOM CHINESE SUSPECT ARE AGENTS OF INDIAN INTELLIGENCE, AND SEMI-COVERT REPRESENTATIVE DALAI LAMA. NEPALESE HAVE LARGELY FORGOTTEN LIMITED EXCESSES IN NEPAL OF GREAT CULTURAL REVOLUTION AND PAST MINOR BORDER DISPUTES. CHINESE IDEOLOGY HOLDS NO ATTRACTIONS FOR NEPAL, AND PRC RESPECTS THIS SENTIMENT BY MUTING ITS ACTIVITIES IN THE COUNTRY AND MAINTAINING LOW-PROFILE THOUGH SIZEABLE PRESENCE. PRC HAS GRADUALLY WITHDRAWN ALL BUT TOKEN SUPPORT FROM BANNED DOMESTIC PRO-PEKING COMMUNISTS.

4 . NO DISCUSSION SINO-NEPALESE RELATIONS WOULD BE COMPLETE WITHOUT CONSIDERATION INDIAN EQUATION. NEPALESE ARE EVER-CONSCIOUS OF INDIAN INTERVENTION IN NEPALESE DOMESTIC POLITICS IN 1950'S AND EARLY 1960'S AND CURRENT SANCTUARY IN INDIA OF NEPALESE POLITICAL DISSIDENTS AND WOULD-BE REVOLUTIONARIES. MORE IMPORTANTLY, NEPALESE VIEW RECENT DEVELOPMENTS IN EAST PAKISTAN, SIKKIM AND AFGHANISTAN AS PART OF GOI DRIVE ESTABLISH HEGEMONY IN SUB-CONTINENT. THEY FEAR THEY MAY BECOME NEXT INDIAN TARGET AND THESE FEARS ARE REINFORCED BY RECENT APPOINTMENT OF INDIAN AMBASSADOR WHO WAS DIPLOMATIC ACTIVIST HERE IN EARLY 1950'S WHEN GOI WAS MOST INVOLVED IN NEPALESE POLITICS. STILL, INDIA IS NEPAL'S MAJOR FOREIGN ASSISTANCE DONOR AND CONTROLS HER OVERLAND LIFELINES TO OUTSIDE WORLD. NONETHELESS, KING BIRENDRA HAS SEVERAL TIMES RECENTLY TAKEN WHAT ARE CONCEIVED TO BE INDIRECT PUBLIC SWIPES AT INDIA; HIS JULY 26 FOREIGN AFFAIRS SPEECH AND HIS SPEECH SEPTEMBER 8 AT ALGIERS NON-ALIGNED CONFERENCE WERE LOCALLY REGARDED AS SUCH. IN HIS SEPTEMBER 10 INTERVIEW WITH NEWSWEEK KING SEEMED TO BE ATTEMPTING VERBALLY WITHDRAW NEPAL FROM REGION

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WHEN HE SAID IT QUOTE: IS NOT PART OF SUBCONTINENT; IT IS REALLY THAT PART OF ASIA WHICH TOUCHES BOTH CHINA AND INDIA. UNQUOTE.

5. SOVIETS ARE AN EQUATION AS WELL. THEIR PRIMARY OBJECTIVE HERE SEEMS TO BE TO COUNTER CHINESE INFLUENCE, BUT THEY ARE FIGHTING TOUGH BATTLE GIVEN IMPERATIVES OF NEPALESE FOREIGN POLICY. IN GENERAL THEY SUPPORT INDIA IN FURTHERING ITS POSITION

IN NEPAL. SOVIETS HAVE NOW, HOWEVER, PHASED OUT OF ALL SIGNIFICANT ECONOMIC ASSISTANCE PROJECTS, THE PRINCIPAL MEASURE OF FOREIGN INTEREST AND SUPPORT, AND DEVOTE THEIR ASSETS TO EXTENSIVE CULTURAL AND EDUCATIONAL AND INFORMATIONAL PROGRAMS. THEIR EFFORTS WITH QUOTE: WAS ORGANIZATIONS UNQUOTE HAVE GENERATED CONCERN AMONG HMG AUTHORITIES AND REPORTEDLY THE KING HIMSELF, WHO VIEW SOVIETS WITH INCREASING SUSPICION AS UNQUOTE HANDMAIDENS UNQUOTE OF INDIAN POLICY.

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C O N F I D E N T I A L FINAL SECTION OF 2 KATHMANDU 5089

6. AGAINST THIS BACKGROUND, WHAT DOES NEPAL GET FROM CHINA? CHINA IS SECOND LARGEST FOREIGN ASSISTANCE DONOR WITH NUMBER OF HIGH-IMPACT PROJECTS COMPLETED OR UNDERWAY. ADDITIONALLY, NEPALESE HOPE CHINESE PRESENCE WILL HELPND0 DISSUADE INDIA FROM ANY OVERT OR COVERT MOVES AGAINST NEPAL'S SOVEREIGNTY. NEPAL NEEDS THE CONTINUING ECONOMIC ASSISTANCE AND WANTS CONTINUED CHINESE PRESENCE. IT HAS NO FEARS THAT CHINA SEEKS HEGEMONY OR MEASURE OF CONTROL.

7. WHAT DOES CHINA GET OUT OF NEPAL? BY PROVIDING STABLE NEUTRAL AND NON-ALIGNED BUFFER, NEPAL HELPS SECURE AT LEAST PORTION OF CHINA'S SOUTHERN TIER. NEPAL HAS ALSO INCREASINGLY DEMONSTRATED ITS GRATITUDE FOR CHINESE ASSISTANCE IN NON-ALIGNED, AFRO-ASIAN AND UN FORUMS. DURING GENEVA WHA IN MAY, WE ARE RELIABLY INFORMED, NEPAL ACCEDED TO PRC'S DESIRES AND VOTED FOR NORTH KOREAN ADMISSION. RECENT GON SWITCH IN UN FROM ABSTENTION TO VOTE IN FAVOR OF SIHANOUK'S GRUNK WAS ALMOST CERTAINLY AT  
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BEHEST OF CHINESE AND IN ANTICIPATION OF BIRENDRA'S STATE VISIT.

8. PRC HAS ACHIEVED ITS BASIC OBJECTIVES IN NEPAL, WITH GOOD IMAGE AND CLOSE RELATIONS. IF PROSPECTS FOR RAPPROACHMENT BETWEEN INDIA AND CHINA BRIGHTEN, IT IS NOT CLEAR WHETHER PRC WILL WANT TO CONTINUE TO IRRITATE INDIA BY UNDERWRITING NEPALESE POLICIES OR CONTINUE TO PERMIT NEPAL TO EXPLOIT ITS RELATIONS WITH CHINA AGAINST INDIA.

9. CHINA ALREADY HAS ONGOING ASSISTANCE PROJECTS IN NEPAL REPORTEDLY TOTALING OVER US DOLS 35 MILLION. WE ARE NOT CERTAIN WHETHER PRC WILTOBE PREPARED OFFER DRAMATIC ADDITIONAL PACKAGE FOR KING'S VISIT. ONE POSSIBILITY, HOWEVER, WOULD BE UOREEMENT TO CONSTRUCT ROAD FROM POKHARA TO SURKHET IN WESTERN NEPAL, WHICH CHINESE TEAM SURVEYED LAST MAY-JULY; COST ESTIMATES RANGE OVER UYHDOLS 50 MILLION.

10. ON BALANCE WE BELIEVE VISIT WILL SERVE TO ENHANCE BILATERAL RELATIONS, AND WILL HAVE ONLY MUTED ANTI-INDIAN DIMENSIONS. NONETHELESS, INDIANS HERE ARE SURE TO INTERPRET ANY INDICATIONS OF CLOSER SINO-NEPALESE TIES WITH SUSPICION. CHINESE HAVE NOW STANDARDIZED TERMINOLOGY OF PRAISING NEPAL FOR QUOTE STANDING UP TO FOREIGNHFRESSURE AND VICTORIOUSLY DEFENDING INDPEENDENCE AND STATE SOVEREIGNTY UNQUOTE, BUT WE FEEL BIRENDRA UNLIKELY TO AGREE TO COMMUNCMUE SO IMPLICITLY ANTI-INDIA.

11. AS TO US POSITION, WE BELIEVE THAT US CAN WELCOME INCREASING TIES ANTICIPATED BETWEEN THESE REGIONAL NEIGNBORSIND AVOID GIVING IMPLICATION THAT WE REGARD CHINA AS DEFENDER OF NEPAL'S INDPENEDNCE OR AS COUNTERWEIGHT TO INDIAN INFLUENCE.  
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## Message Attributes

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